



SUBJECT: Planning Application Fee Review
TO: Committee of the Whole
FROM: Community Planning Department

Report Number: PL-61-24

Wards Affected: All

Date to Committee: July 8, 2024

Date to Council: July 16, 2024

Recommendation:

Approve the proposed adjustments to the development application fees contained within the memo titled “Burlington Planning Application Fees” prepared by Watson and Associates Economists Ltd., dated June 20, 2024 and attached as Appendix “A” to community planning department report PL-61-24; and

Approve the proposed amendment to By-Law 72-2023, attached as Appendix “B” to community planning department report PL-61-24, effective July 17, 2024.

PURPOSE:

The purpose of this report is to recommend an update regarding how a development application is defined for the purposes of fee calculation and how combined application fees are calculated in the City’s development application fee schedule so that they reflect our costs more accurately in processing large scale mixed use residential development applications.

Vision to Focus Alignment:

- Designing and delivering complete communities
 - Providing the best services and experiences
 - Protecting and improving the natural environment and taking action on climate change
 - Driving organizational performance
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Executive Summary:

The City of Burlington development application fee schedule defines what constitutes a development application for the purposes of calculating application fees and how combined application fees are calculated. The fee current schedule for development applications was last studied in 2021, approved by Council in 2022, and has been indexed annually since. It was informed by a review of historic characteristics of development applications along with the average effort and costs required to process them from the period of 2011 to 2021. The scale of development has evolved and increased since the fees were last studied resulting in potential application fees that are significantly higher than the City's costs to deliver development services. The recommendations in this report propose interim updates to the definition of an application and how combined application fees are calculated resulting in a fee reduction of approximately 45% for large scale residential and mixed-use developments. The recommended interim updates will apply until the on-going application fee review project is completed as anticipated by Q4 2024.

Background and Discussion:

In 2022, Council approved an updated development application fee schedule prepared by Watson and Associates Economists Ltd. (Watson) to ensure appropriate cost recovery for the City's delivery of development services. Watson studied historic development characteristics to build a costing model that informed the approved 2022 development application fee schedule.

One of Watson's findings from the above noted application fee review was that an update to define what constitutes an application was needed for the purposes of calculating fees. This was due to the increase in complex planning applications proposing multiple towers on a property as well as those spanning non-contiguous parcels of land separated by public roads. Without this definition, there were risk of inconsistencies in the administration of the applicable fees.

Community Planning staff have recently consulted with various landowners who are proposing developments that are significantly larger in scale than the characteristics of historic applications that were studied during the last fee review. It has been observed that the anticipated application fees for these potential developments are affected by the definition of an "application" in a way that was not anticipated in 2022 when Council approved the updated fee schedule. The result is potential application fees for these developments that exceed the City's costs to deliver the service of development review. Staff have requested support from Watson to explore an immediate solution to the issue.

In the attached memo (Appendix A), Watson considered the City's current development application fee structure and historic processing effort while studying three different large scale development scenarios. It is noted that Official Plan Amendment (OPA) application fees are imposed on a "base fee" basis whereas Zoning By-law Amendment (ZBA) and Subdivision (Sub) application fees include a "base fee" and a "variable fee" denominated in residential units and non-residential gross floor area.

For an OPA, the base fee structure indicates that the processing efforts are generally fixed and not significantly influenced by the size of the application. As such, the need for an OPA for each tower on a property (in accordance with the definition of an application in the current development application fee schedule) may not be appropriate. The base fee and variable fee structure used for ZBA and Sub signal that the size of application directly informs the processing effort; larger applications generally require more processing effort and therefore incur greater processing costs. The current fee schedule anticipates that there are some cost savings when various application types (OPA/ZBA/Sub) are combined for processing to reflect a reduction of staff effort.

Through their analysis, Watson recommends the following adjustments to the development application fee schedule:

- Maintain the same fee structure but only apply the OPA fee once for the entire development (unless the site is separated by a public road, in which case each land parcel would constitute a separate application); and
- For combined ZBA and Sub applications, impose the variable fees for ZBA instead of Sub as this better reflects the effort and fee structure for more recent development trends.

The recommended adjustments would better align the fee calculations with the anticipated costs of processing large scale developments and would result in fees that are approximately 45% lower than currently calculated.

The recommended adjustments are an interim solution as Community Planning has initiated a comprehensive review of the entire development application fee schedule. With various legislative and policy changes affecting development review, staff will have to revalidate many of the effort assumptions that informed the previous fee review to ensure our fees align with current costs to deliver development services. This work is anticipated to be completed by Q4 2024.

Strategy/process/risk

Not proceeding with the recommended adjustments to the fee schedule has the potential to significantly affect the economics for large scale residential and mixed-use development applications and could be a barrier to them proceeding for approvals and construction. It is recommended to proceed with this application fee update as an interim solution until the 2024 development application fee review is completed.

Options Considered

Three fee adjustment options were considered to better align the fee calculations with the anticipated costs of processing:

1. Maintain the same fee structure but apply the maximum fee for ZBA or Sub to the entire application (Not Recommended);
 2. Maintain the same fee structure but only apply the OPA fee once for the entire development. Also, for applications requiring a ZBA and Sub impose the variable fees for ZBA instead of Sub as this better reflects the needs of the building typology in more recent applications (Recommended); and
 3. Maintain the same fee structure but only apply the OPA once and apply the maximum fee for ZBA or Subdivision to the entire application (Not Recommended).
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Financial Matters:

The proposed update to the planning application fee schedule ensures that our fees more accurately reflect the costs of delivering development services and align with the requirements of the *Planning Act*.

Total Financial Impact

Not applicable

Source of Funding

Not applicable

Other Resource Impacts

Not applicable

Climate Implications:

Not applicable

Engagement Matters:

The recommended adjustment to the planning application fee schedule is an interim solution while staff complete a full review of all planning application fees. Engagement with industry and stakeholders will occur through that process.

Conclusion:

Staff support the recommendations from Watson that update the definition of an application and how combined fees are calculated in the City's development application fee schedule.

Respectfully submitted,

Jamie Tellier, MCIP RPP
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Appendices:

- A. Memo titled "Burlington Planning Application Fees" prepared by Watson and Associates Economists Ltd., dated June 20, 2024
- B. Proposed amendment to By-Law 72-2023.

Report Approval:

All reports are reviewed and/or approved by Department Director, the Chief Financial Officer and the Executive Director of Legal Services & Corporation Counsel.